

Financial Report
Terrebonne Parish Library
Houma, Louisiana
December 31, 2002

TABLE OF CONTENTS

Terrebonne Parish Library

December 31, 2002

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 2
Basic Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Assets and Governmental Fund Balance Sheet	A	3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	B	4
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances	C	5
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	D	6
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	E	7
Notes to Financial Statements	F	8 - 24

TABLE OF CONTENTS
(Continued)

	<u>Schedule</u>	<u>Page Number</u>
Supplementary Information Section		
Independent Auditor's Report on Additional Information		25
Schedule of Governmental Fund Revenues and Expenditures - General Fund for the Years Ended December 31, 2002, 2001 and 2000	1	26
Graph of Governmental Fund Revenues - General Fund for the Years Ended December 31, 2002, 2001 and 2000	2	27
Graph of Governmental Fund Expenditures - General Fund for the Years Ended December 31, 2002, 2001 and 2000	3	28
Special Reports Of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		29 - 30
Schedule of Findings		31
Reports By Management		
Schedule of Prior Year Findings		32
Management's Corrective Action Plan		33

FINANCIAL SECTION



Georgealis Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Terrebonne Parish Library (the Library), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2002, which collectively comprise the Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Library as of December 31, 2002, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 (b) to the basic financial statements, the Library has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as of January 1, 2002.

1

The Library has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated May 8, 2003 on our consideration of Terrebonne Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bouquin Bennett, LLC.

Certified Public Accountants.

Houma, Louisiana,
May 8, 2003.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
Township Public Library

December 31, 2009

	Current Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Schedule B)	Balance of the assets
Assets						
Cash	\$ 44,403	\$ -	\$ -	\$ 44,403	\$ -	\$ 44,403
Investments	1,097,119	1,097,119	14,113,493	1,208,731	-	1,208,731
Receivables						
Sales and services	488,114	-	-	488,114	-	488,114
Other	-	-	-	-	164,171	164,171
(See item Township Public Sales and the Tax Department - sales and services)	881,119	-	-	881,119	-	881,119
Unaffiliated investments	-	-	-	-	77,883	77,883
Capital assets						
Depreciable	-	-	-	-	11,161,894	11,161,894
Expendable, net of accumulated depreciation	-	-	-	-	1,026,785	1,026,785
Total assets	\$ 1,603,645	\$ 1,097,119	\$ 14,113,493	\$ 15,814,257	\$ 12,426,753	\$ 14,387,504
Liabilities						
Accounts payable and accrued expenditures	\$ 474.00	-	\$ 10,177	\$ 10,651	104,891	115,618
Liability for work completed on contract	-	-	1,107,803	1,107,803	-	1,117,803
Due to Township Public Unaffiliated Government Long-term liabilities	481.00	-	98,478	98,859	-	99,400
Due within one year	-	-	-	-	387,000	387,000
Due after one year	-	-	-	-	11,774,893	11,774,893
Total liabilities	996.00	-	1,216,480	1,217,476	12,261,884	13,485,856
Fund Balance/Net Assets						
Reserve/Endowment						
Unexpended prior year/obligations	-	\$ -	1,176,881	1,176,881	(1,176,881)	-
Other reserve	-	1,097,119	-	1,097,119	(1,097,119)	-
Unexpended - unobligated	1,602,645	-	-	1,602,645	(1,602,645)	-
Total fund balance	1,602,645	1,097,119	1,176,881	3,876,645	(2,781,265)	-
Total liabilities and fund balance	\$ 1,999,645	\$ 1,097,119	\$ 14,113,493	\$ 15,814,257		
Net assets						
Invested in capital assets, net of related debt	-	-	-	-	1,761,764	1,761,764
Reserve/Endowment	-	-	-	-	1,761,217	1,761,217
Capital projects	-	-	-	-	1,099,549	1,099,549
Investment	-	-	-	-	1,761,217	1,761,217
Total net assets	-	-	-	-	\$ 5,383,747	\$ 5,383,747

See schedule B for additional disclosures.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Turkeyboat Parish Library

December 31, 2000

Fund Balances - Governmental Fund	\$ 11,116,791
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
 <i>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</i>	
Governmental capital assets	\$ 20,162,948
Less accumulated depreciation	<u>(8,084,276)</u>
	12,163,073
 <i>Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</i>	
Accrued interest receivable	106,373
Deferred bond issuance costs	85,456
Less current year amortization	<u>(7,611)</u>
	184,218
 <i>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</i>	
Governmental bonds payable	(11,960,000)
Accrued interest payable	<u>(13,196,021)</u>
	<u>(13,196,021)</u>
 Net Assets of Governmental Activities	 <u>\$ 11,887,462</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND BALANCES, EXPENDITURE
CONTROLLED FUND BALANCES**

Township Davis Library

For the year ended December 31, 2003

	General Fund	State Service Fund	Capital Projects Fund	Total	Adjustments (Excludes)	Statement of Activities
Revenues						
Taxes: ad valorem net	\$ 3,761,189	\$ -	\$ -	\$ 3,761,189	\$ -	\$ 3,761,189
Charges for services	15,400	-	-	15,400	-	15,400
Fines and forfeitures	20,700	-	-	20,700	-	20,700
Grants	20,100	-	-	20,100	-	20,100
Miscellaneous:						
Interest	177,600	14,100	296,000	587,700	(264,470)	323,230
Other	24,000	-	-	24,000	-	24,000
Total revenues	<u>4,018,989</u>	<u>14,100</u>	<u>296,000</u>	<u>4,329,089</u>	<u>(264,470)</u>	<u>4,064,619</u>
Expenditures/Expenses						
Current:						
Culture and recreation:						
Personnel services	1,742,197	-	-	1,742,197	-	1,742,197
Supplies and materials	47,900	-	-	47,900	-	47,900
Other services and charges	295,120	-	-	295,120	-	295,120
Repairs and maintenance	64,200	-	-	64,200	-	64,200
Expenditures	-	-	-	-	244,400	244,400
Total culture and recreation	<u>1,759,417</u>	<u>-</u>	<u>-</u>	<u>1,759,417</u>	<u>244,400</u>	<u>1,515,017</u>
State service:						
Principal retirement	-	24,000	-	24,000	(241,600)	-
Interest and fiscal charges	-	73,500	-	73,500	(200)	73,300
Total state service	<u>-</u>	<u>97,500</u>	<u>-</u>	<u>97,500</u>	<u>(241,800)</u>	<u>73,300</u>
Capital outlay	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>-</u>
Total expenditures/expenses	<u>2,759,417</u>	<u>97,500</u>	<u>1,000,000</u>	<u>3,856,917</u>	<u>(2,001,400)</u>	<u>1,855,517</u>
Excess (Deficiency) of						
revenues over expenditures	<u>1,259,572</u>	<u>1,102,600</u>	<u>1,296,000</u>	<u>3,658,172</u>	<u>1,811,000</u>	<u>1,847,172</u>
Other financing income (loss)						
Operating activities net	-	1,000,000	-	1,000,000	(1,000,000)	-
Operating activities net	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
Total/other financing	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and						
Other Income Over Expenditures	<u>259,572</u>	<u>24,100</u>	<u>(704,000)</u>	<u>(420,328)</u>	<u>7,141,400</u>	<u>-</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,848,572</u>	<u>1,848,572</u>
Fund Balances/Other Assets						
Beginning of year	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>81,000,000</u>	<u>80,000,000</u>	<u>(80,000,000)</u>	<u>100,000</u>
End of year	<u>\$ 1,000,000</u>	<u>\$ (1,000,000)</u>	<u>\$ 81,000,000</u>	<u>\$ 81,000,000</u>	<u>\$ (80,000,000)</u>	<u>\$ 1,000,000</u>

See notes to financial statements

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Toronto's Public Library

For the year ended December 31, 2002

Net Change in Fund Balances - Governmental Fund **\$ (7,182,814)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 8,981,888	
Depreciation expense	(7,144,654)	
Change of capital outlay over depreciation expense		\$ 1,837,234

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in accrued interest receivable		\$ (8,051)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments		\$ (6,883)
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Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred bond issuance costs	(7,401)	
Increase in accrued interest payable	\$ 536	\$ 905

Change in Net Assets of Governmental Activities **\$ 1,694,192**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Township Park Library

For the year ended December 31, 2001

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Presented (Favorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - sales and use	\$ 3,370,000	\$ 3,863,000	\$ 3,941,855	\$ 78,855
Charges for services	61,600	11,000	15,438	438
Fines and forfeitures	64,300	18,000	18,700	(100)
Grants	35,400	35,400	36,117	(71)
Miscellaneous:				
Interest	288,000	171,000	187,634	(87,366)
Other	3,000	8,000	8,675	675
Total revenues	<u>3,821,300</u>	<u>4,107,400</u>	<u>4,176,379</u>	<u>68,979</u>
Expenditures				
Contract:				
Culture and recreation:				
Personnel services	1,116,480	1,172,511	1,141,187	30,328
Supplies and materials	58,888	76,888	67,898	8,990
Other services and charges	159,788	102,788	100,293	47,495
Repairs and maintenance	180,888	159,888	84,188	95,700
Total culture and recreation	<u>1,556,136</u>	<u>1,712,075</u>	<u>1,393,566</u>	<u>112,509</u>
Capital outlay	<u>416,200</u>	<u>1,116,898</u>	<u>1,069,355</u>	<u>146,543</u>
Total expenditures	<u>2,001,384</u>	<u>2,828,973</u>	<u>2,462,921</u>	<u>365,952</u>
Transfers of Revenues Over Expenditures				
Over Expenditures	1,811,916	1,314,777	1,713,448	37,164
Other Financing Uses				
Operating transfers-out	<u>(2,121,777)</u>	<u>(2,311,777)</u>	<u>(2,091,989)</u>	<u>21,788</u>
Excess of Revenues Over Expenditures and Other Uses	<u>\$ 189,744</u>	<u>\$ -</u>	<u>\$ 425,111</u>	<u>\$ 425,111</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Library**

December 31, 2002

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Library (the Library) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Library is a department within the Terrebonne Parish Consolidated Government (the Parish) for which the Parish Council appoints an advisory Board of Control. The Library is a component unit of the Parish and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2002.

The Library has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Changes in Accounting

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the more significant changes in Statement No. 34 include for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the Library's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the Library's activities. The Library has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. However, other changes are reflected in the accompanying basic financial statements (including notes to financial statements). The Library has elected to implement the general provisions of Statement No. 34 in the current year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Change in Accounting (Continued)

For the year ended December 31, 2002, the Library also implemented the following GASB Standards:

- + Statement 37 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Circular
- + Statement 38 - Certain Financial Statement Disclosures
- + Interpretation No. 6 - Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements

The transition from governmental fund balance to net assets for December 31, 2001, is presented below:

Total fund balance, as previously reported		\$ 18,319,206
Capital assets used in governmental activities are not financial resources and, therefore, were not previously reported.		
Governmental capital assets	\$ 11,708,989	
Less accumulated depreciation	<u>(7,903,278)</u>	3,805,719
Other assets used in governmental activities are not financial resources and, therefore, were not previously reported.		
Accrued interest receivable	192,426	
Deferred bond issuance costs	<u>85,456</u>	277,882
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, were not previously reported.		
Governmental bonds payable	(12,335,000)	
Accrued interest payable	<u>(244,527)</u>	(12,579,527)
Net assets		\$ 9,833,279

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Presentation

The Library's basic financial statements consist of the government-wide statements on all activities of the Library and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Library. As of general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is now on the major funds in governmental categories. The daily accounts and operations of the Library continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the Governmental Funds of the Library:

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities and is reported as a major fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Sales taxes are considered "measurable" when in the hands of merchants and are recognized as revenue at that time. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f) Operating Budgetary Data

The Board of Control (the Board) adopted a budget for the Library's General Fund. The public hearings and advertisements were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Library amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

g) Accounts Receivable

The financial statements of the Library contain no allowance for uncollectible accounts. Uncollectible amounts due for sales and use taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the fund.

h) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use unadjusted cost rather than market values to report net assets to compute share prices if certain conditions are met.

Some Library monies are held and invested by the Parish. Investments during the year consisted of Certificates of Deposit, Federal Home Loan Bank Notes, Federal National Mortgage Association (FNMA) Notes, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Agricultural Mortgage Association Notes, United States Treasury Bills and LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Deferred Bond Issuance Costs

The Library has capitalized deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt.

j) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets, except the library collection, purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with estimated historical costs amounted to \$677,838 or 3.32% of total capital assets. Hardback books purchased prior to January 1, 1999 are valued at their average cost as listed in The 1998 Bowker Annual, a Library and Book Trade Almanac. Effective January 1, 1999 hardback books purchased are valued at historical cost. Other items included in the library collection are valued at historical cost. The library collection items disposed of are accounted for at 100% of the average cost of the item. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	18 - 40 years
Office furniture and equipment	5 - 10 years
Library Collection	4 - 5 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Capital Assets (Continued)

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

k) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of public library sales tax bonds.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

l) Accumulated Vacation and Sick Leave

Full-time employees are granted between 10 and 20 days of vacation each calendar year, depending on their length of employment and position. Vacation time does not vest. Any unused vacation time remaining at December 31 is forfeited, however with the director's approval vacation time can be carried to the next year, not to exceed 20 days. Sick leave is granted to full-time employees at a rate of 10 days per year with all 10 days granted on January 1. Sick leave that is not used may be accumulated. Sick leave does not vest and no payments are made to employees upon termination of employment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Interfund Transfers

Permanent reallocation of resources between funds of the Library are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

a) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Note 2 - DEPOSITS AND INVESTMENTS

Some Library monies are held in a cash and investment pool maintained by the Parish and available for use by all funds. The Library's portion of this pool is displayed on the Statements of Net Assets and Governmental Fund Balance Sheet as "cash" and "investments."

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Library or its agent in the Library's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the Library's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the Library's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category 1	Category 2	Category 3	
Cash	\$129,286	\$ -	\$ 11,466	\$ 44,483
Investments:				
Certificates of deposit	—	—	4,088,664	4,088,664
Totals	\$129,286	\$ -	\$4,100,130	\$4,133,087

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

As mentioned previously, some funds are held and invested by the Parish who has proper pledging to cover funds for the Library. At December 31, 2002, cash and certificates of deposits in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the District and the Parish, respectively. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Library to invest in the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

The Library's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Library's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Library's name.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

At year end the carrying amount of investments are as follows:

	Risk Category			Reported Amount/ Fair Value
	1	2	3	
Investments subject to categorization:				
Federal Home Loan Bank Notes	\$ 2,500,718	\$ -	\$ -	\$ 2,500,718
Federal National Mortgage Association Notes	1,713,167	-	-	1,713,167
Federal Home Loan Mortgage Corporation (FHLMC) Notes	340,619	-	-	340,619
Federal Farm Credit Bank Notes	154,875	-	-	154,875
Federal Agricultural Mortgage Association Notes	<u>200,628</u>	<u>-</u>	<u>-</u>	<u>200,628</u>
Total:	<u>\$4,916,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,916,007</u>
Investments not subject to categorization:				
Louisiana Asset Management Pool (LAMP)				<u>2,598,661</u>
Total investments				<u>\$7,514,668</u>

The above investments are held in the name of the Parish by an unaffiliated custodial agent bank.

Investments held at December 31, 2002 consist of \$2,598,661 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2002 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2855. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by these securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2855(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 297 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

A reconciliation of deposits and investments as shown on the Statement of Net Assets and Governmental Fund Balance Sheet for the Library is as follows:

Carrying amount of deposits	\$ 4,113,067
Carrying amount of investments	<u>7,514,668</u>
Total	<u>\$11,643,735</u>
Cash	\$ 44,460
Investments	<u>11,603,332</u>
Total	<u>\$11,643,735</u>

Note 3 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

	Balance January 1, 2001		Additions		Deletions		Adjustments		Balance December 31, 2002
Capital assets not being depreciated:									
Land	\$ 35,253		\$ -		\$ -		\$ -		\$ 35,253
Construction in progress	11,082,859		8,171,906		-		-		19,254,765
Total capital assets not being depreciated	1,089,112		8,171,906		-		-		11,130,944
Capital assets being depreciated:									
Buildings	1,438,443		1,482		-		11,145		1,451,069
Office furniture and equipment	957,134		34,329		36,299		(71,145)		924,229
Library collection	4,532,387		733,864		286,138		-		4,980,113
Total capital assets being depreciated	6,927,964		769,675		292,437		-		7,405,202
Less accumulated depreciation for:									
Buildings	(391,383)		(40,649)		-		-		(1,832,671)
Office furniture and equipment	(645,387)		(180,540)		(26,038)		-		(771,965)
Library collection	(6,026,451)		(280,211)		(278,138)		-		(6,584,800)
Total accumulated depreciation	(7,063,221)		(401,400)		(294,176)		-		(7,758,797)
Total capital assets being depreciated, net	1,264,743		(331,725)		-		-		1,250,989
Total capital assets, net	\$ 1,353,855		\$ 7,840,181		\$ -		\$ -		\$ 9,194,133

Construction in progress is composed of \$11,082,859 expended for costs associated with the construction of a new library.

The adjustment to buildings and office furniture and equipment is based on a physical inventory.

Included in the library collection is \$188,930 representing the value of periodicals, audio and visual tapes which were capitalized in the conversion to GASB No. 34 at January 1, 2002.

Note 4 -LONG-TERM DEBT

At December 31, 2002, the Library had outstanding public library sales tax bonds totaling \$11,960,000. The bonds bear interest at 5.887% and are payable through March 1, 2020. The bonds are secured by an irrevocable pledge and dedication of the proceeds of the one-fourth of one percent (1/4%) sales and use tax now being levied and collected.

The following is a summary of changes in the long-term debt of the Library for the year ended December 31, 2002:

Payable, January 1, 2002	\$12,323,000
Principal payment	<u>363,000</u>
Payable, December 31, 2002	<u>\$11,960,000</u>

The annual requirements to amortize public library sales tax bonds outstanding at December 31, 2002 are as follows:

Year	Principal	Interest	Total
2003	\$ 385,000	\$ 694,589	\$ 1,079,589
2004	410,000	666,764	1,076,764
2005	435,000	637,189	1,072,189
2006	460,000	605,864	1,065,864
2007	490,000	576,593	1,066,593
2008 - 2012	2,930,000	2,436,817	5,366,817
2013 - 2017	2,910,000	1,483,355	5,393,355
2018 - 2020	<u>2,950,000</u>	<u>272,400</u>	<u>3,222,400</u>
Totals	<u>\$11,960,000</u>	<u>\$7,379,571</u>	<u>\$19,339,571</u>

Note 3 - RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2002 is as follows:

	<u>Operating Transfers</u>	
	<u>In.</u>	<u>Out.</u>
General Fund	\$ -	\$1,093,989
Debt Service Fund	<u>1,093,989</u>	<u> </u>
Totals	<u>\$1,093,989</u>	<u>\$1,093,989</u>

Note 6 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to workers' compensation; torts; theft of; damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Library carries commercial auto insurance and participates in the Parish's risk management program for general liability, workers' compensation, group insurance and property insurance. No settlements were made during the year that exceeded the Library's insurance coverage. The Library's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for property insurance are based on the Library's percentage of property value to the total of the Parish's property value covered. The Parish handles all claims filed against the Library. The Library could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Property Insurance	\$100,000,000

Note 6 - RISK MANAGEMENT (Continued)

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$2,899,892 for general liability, workers' compensation and property insurance at December 31, 2001, then secondly by the Library. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2001 was \$8,622,036. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal services fund, \$291,053 at December 31, 2001, then secondly by the Library or the employee for individual claims in excess of \$1,000,000. At December 31, 2002, the Library had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2002 totaled \$323,711.

Note 7 - COMMITMENTS

On December 31, 2002, the Library had \$11,921,473 in public work contracts, of which \$2,608,002 was incomplete.

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Library contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employer retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 305 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2003, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P. O. Box 14618, Baton Rouge, Louisiana 70808.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - Plan members are required to contribute 3.00% of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 2.75% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Library are established and may be amended by state statute. The Library's contributions to the System for the years ending December 31, 2002, 2001 and 2000 were \$18,478, \$18,219 and \$14,948, respectively, equal to the required contributions for each year.

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2002.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Library (the Library) for the year ended December 31, 2002, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such basic financial statements taken as a whole. The information contained in the schedule of governmental fund revenues and expenditures - general fund and graphs of governmental fund revenues - general fund and expenditures - general fund for the year ended December 31, 2002 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2002, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the governmental fund balance sheets of Terrebonne Parish Library as of December 31, 2001 and 2000, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2001 (none of which is presented herein), and we expressed unqualified opinions on these financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures - general fund and graphs of governmental fund revenues - general fund and expenditures - general fund for the years ended December 31, 2001 and 2000 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Bourgeois Bennett, LLC.

Certified Public Accountants

Houma, Louisiana,
May 8, 2003.

**SCHEDULE OF GOVERNMENTAL FUND REVENUES
AND EXPENDITURES - GENERAL FUND**

Terrebonne Parish Library

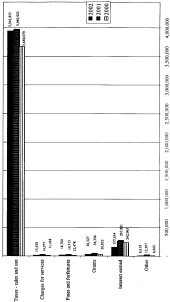
For the years ended December 31, 2002, 2001 and 2000

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues			
Taxes - sales and use	\$ 3,941,833	\$ 3,968,923	\$ 3,699,679
Charges for services	13,438	14,877	11,468
Fees and forfeitures	18,700	14,315	12,478
Grants	30,327	38,396	30,832
Interest earned	157,624	263,821	242,963
Other	<u>8,639</u>	<u>12,307</u>	<u>8,668</u>
Total revenues	<u>\$ 4,172,533</u>	<u>\$ 4,308,139</u>	<u>\$ 3,976,088</u>
Expenditures			
Personnel services	\$ 1,142,187	\$ 1,062,445	\$ 941,636
Supplies and materials	67,938	42,856	48,848
Other services and charges	285,359	272,949	211,972
Repairs and maintenance	84,388	154,573	140,314
Debt service	-	-	4,127
Capital outlay	<u>1,068,335</u>	<u>338,311</u>	<u>298,154</u>
Total expenditures	<u>\$ 2,648,831</u>	<u>\$ 1,879,834</u>	<u>\$ 1,645,064</u>

GOVERNMENTAL FUNDS REVENUES - GENERAL FUND

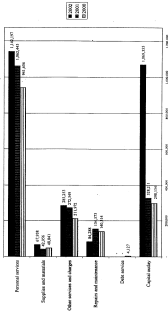
Terraceview Parish Library

For the years ended December 31, 2002, 2001 and 2000



GOVERNMENTAL FUND EXPENDITURES - GENERAL FUND**Torrance Public Library**

For the years ended December 31, 2002, 2003 and 2004



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Library (the Library), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 8, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of

one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Control, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, LLC

Certified Public Accountants

Houma, Louisiana,
May 8, 2003.

SCHEDULE OF FINDINGS

Terrebonne Parish Library

For the year ended December 31, 2002

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

b) Federal Awards

Terrebonne Parish Library did not receive federal awards during the year ended December 31, 2002.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2002.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Library

For the year ended December 31, 2002

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2001.
No reportable conditions were reported during the audit for the year ended December 31, 2001.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2001.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not receive federal awards during the year ended December 31, 2001.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2001.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Library

For the year ended December 31, 2002

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.

No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.